

Gina Harrison  
Director  
Federal Regulatory Relations

1275 Pennsylvania Avenue, N.W. Suite 400  
Washington, D.C. 20004  
(202) 383-6423

**PACIFIC**  **TELESIS**  
Group-Washington

April 25, 1995

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

William F. Caton  
Acting Secretary  
Federal Communications Commission  
Mail Stop 1170  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Dear Mr. Caton:

Re: *RM-8614 - Unbundling of Local Exchange Carrier Common Line Facilities*

On behalf of Pacific Bell and Nevada Bell, please find enclosed an original and six copies of their "Reply Comments" in the above proceeding.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,



Enclosure

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FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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APR 25 1995

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of

Unbundling of Local Exchange Carrier  
Common Line Facilities

RM - 8614

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**REPLY COMMENTS OF PACIFIC COMPANIES**

Pacific Bell and Nevada Bell (the "Pacific Companies" or "Pacific") hereby file reply comments to the Petition for Rulemaking filed by MFS Communications Company, Inc. ("MFS Petition") pursuant to 47 C.F.R. 1.405.

The comments overwhelmingly establish that states are deeply involved in investigating and establishing policies concerning local competition for their jurisdictions. Even those parties that enthusiastically support the opening of a rulemaking acknowledge that many states are grappling with the complex issues surrounding local exchange competition.<sup>1</sup> The FCC simply does not need to open a rulemaking to require unbundling of the local loop because many states have either required unbundling of the local loop or are actively reviewing it. In fact, on April 17, 1995, the California Public Utilities Commission released a draft order proposing rules

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<sup>1</sup> See e.g., *Comments of AT&T* at 5, *Comments of Intermedia Communications of Florida, Inc.* at 3, *Comments of FiberLink, Inc.* at 2, *Comments of Teleport Communications Group, Inc.* at 4.

for local competition for California.<sup>2</sup> The draft order proposes the unbundling of six network components by January 1, 1996, including the local loop. Further proceedings in California will review these components in detail, as well as the necessity for further unbundling.

Although the states are at different stages of their review of local competition issues, a need for federal action has not been established by the comments filed. In fact, those state commissions that filed in this proceeding all believe that the states are the appropriate bodies, from a legal and policy perspective, to review and resolve local, intrastate issues.<sup>3</sup> Based on the fact that many states are actively addressing local competition issues and that a federal rulemaking engenders controversial issues concerning preemption, the balance is tipped sharply against granting MFS' Petition.

The states are also addressing the pricing issues that MFS and others have raised. For instance, the request by the Competitive Telecommunications Association ("CTA") that the FCC should initiate a rulemaking to address access charge pricing is misplaced. It fails to acknowledge that it is commonly the policy of the states to protect and fund universal service through the prices set for access charges. State commissions, as well as this commission, have dealt often with access charge pricing in

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<sup>2</sup> *Draft Order Instituting Rulemaking and Order Instituting Investigation on the Commission's Own Motion into Competition for Local Exchange Service*, Cal.P.U.C., released April 17, 1995.

<sup>3</sup> *See Comments of the Maryland Public Service Commission at 2, New York Department of Public Service Comments In Opposition To Request For Rulemaking at 2, Comments of the Pennsylvania Public Utility Commission at 2.*

this context. States must be permitted to do so in the future as they balance the requirements of universal service with the introduction of local competition.

The argument that federal action will be somehow quicker than state proceedings is also without merit.<sup>4</sup> The MFS Petition pointed out that federal policies would only apply to those states that have already authorized local competition so no time will be saved, and in fact, delays could result if a federal rulemaking is begun.<sup>5</sup>

Many of the comments filed also support our position that there is not a need for a federal rulemaking proceeding to establish interconnection standards.<sup>6</sup> CTA, AT&T and FiberLink however, argue that the FCC should address the creation of national standards. CTA posits that federal action is necessary to “minimiz[e] entry barriers that could arise if potential LSCs face a different set of interconnection parameters in each jurisdiction.”<sup>7</sup> In its petition, MFS stated that it did not expect loop unbundling to require the development of new interconnection standards and we agree.<sup>8</sup> There is little need for federal action to investigate interconnection standards for access to unbundled loops. Such interconnection is commonly understood in the industry and documented in Bellcore technical publications.<sup>9</sup>

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<sup>4</sup> *Comments of Intermedia Communications of Florida, Inc. in Support of Petition For Rulemaking* at 3.

<sup>5</sup> *MFS Petition Regarding Unbundling of Local Exchange Carrier Common Line Facilities* at 1-3, 27-29. See also, *Opposition of the National Association of Regulatory Utility Commissioners* at 6.

<sup>6</sup> *Comments of Pacific Companies* at 3.

<sup>7</sup> *CTA Comments* at 4.

<sup>8</sup> *MFS Petition* at 35.

<sup>9</sup> See GR-334-CORE, Switched Access Service: Transmission Parameter Limits and Interface Combinations, Issue 1, June 1994; and see, ANSI T1.401-1988 Interface Between Carrier and

AT&T's request that a rulemaking be opened to address technical issues associated with its version of unbundling should also be rejected. AT&T suggests that the Commission should consider whether it would be appropriate to expand unbundling of the loop to include "the full disaggregation of the loop into its components and functions."<sup>10</sup> MFS has not demanded this in its petition and it did not do so because such unbundling is not necessary to facilitate entry into the local exchange market. With limited exceptions, states that have reviewed unbundling issues have not required this "part-store" unbundling because it is burdensome and unnecessary. There is no demonstration of any need for this level of unbundling and thus, there is no reason to initiate such a wasteful exercise.

AT&T's argument that federal action is necessary for consistency in state regulation is also inappropriate.<sup>11</sup> Each state faces a different situation in ensuring universal service within its boundaries. California, for example, is unique for several reasons. One-third of all intraLATA toll traffic in the nation is in California. Contribution from this service has been more heavily relied upon to meet universal service obligations than in other states. Additionally, just five percent of our serving area generates 85 percent of our business calling revenues and ten percent of our business customers account for 75 percent of our business revenues. The California Commission is in the best position to judge what is best for Californians. It would be

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Customer Installations - Analog Voicegrade Switched Access Lines Using Loop-Start and Ground-Start Signaling.

<sup>10</sup> *Comments of AT&T* at 9.

<sup>11</sup> *Id.* at 15.

imprudent for the FCC to try and force a “one size fits all” policy on the states when conditions vary state by state.

States are also reviewing many of the other items suggested for addition in a rulemaking.<sup>12</sup> For example, the draft rules just released by the California Commission consider interim and long term service provider number portability and mutual compensation,<sup>13</sup> as well as network interconnection and access to support services.<sup>14</sup> Clearly, there is no need for a rulemaking along the lines proposed by MFS.

If the Commission wishes to open a rulemaking it should address the common line charge issue, as we discussed<sup>15</sup> and which was endorsed by the Pennsylvania Public Utility Commission. It should also endeavor to reform the interstate access structure to eliminate inappropriate subsidies and review the development of competitively neutral, explicit funding mechanisms for universal service.

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<sup>12</sup> Allnet’s request for the imposition of a five mile rule for collocation pricing should be denied. (See *Allnet Comments on MFS Petition for Rulemaking*.) The FCC addressed collocation issues in Docket No. 91-141 and determined that the issues associated with collocation could not simply be resolved with a virtual collocation pricing scheme. See In the Matter of Expanded Interconnection with Local Telephone Company Facilities, Report and Order and Notice of Proposed Rulemaking, CC Docket No. 91-141, FCC 92-440, released October 19, 1992, paras. 81-85.

<sup>13</sup> See *Comments of Cox Enterprises, Inc.* at 2.

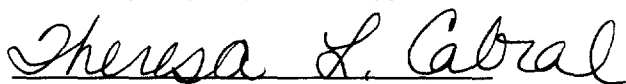
<sup>14</sup> *Comments of AT&T* at 10-11.

<sup>15</sup> *Comments of Pacific Companies* at 8.

For the reasons presented in our comments and for the above reasons,  
we urge the Commission to deny MFS' petition.

Respectfully submitted,

The PACIFIC COMPANIES

A handwritten signature in cursive script, reading "Theresa L. Cabral", written in black ink.

MARLIN D. ARD

THERESA L. CABRAL

2600 Camino Ramon, Rm. 2W806  
San Ramon, California 94583  
(510) 823-4463

JAMES L. WURTZ  
MARGARET E. GARBER

1275 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004  
(202) 383-6472

Attorneys for the Pacific Companies

Date: April 25, 1995

**CERTIFICATE OF SERVICE**

I, Nancy K. Choy, hereby certify that copies of the foregoing "REPLY COMMENTS OF PACIFIC COMPANIES" re: MFS's Petition for Rulemaking, RM 8614, Unbundling of Local Exchange Carrier Common Line Facilities, were served by hand or by first-class United States mail, postage prepaid, upon the parties appearing on the attached service list this 25th day of April, 1995.

By:   
Nancy K. Choy

Pacific Bell  
140 New Montgomery Street  
San Francisco, California 94105



## Service List - RM. 8614

Roy L. Morris  
Regulatory Counsel  
ALLNET COMMUNICATION  
SERVICES, INC.  
1990 M Street, N. W.  
Suite 500  
Washington, D. C. 20036

Paul Rodgers  
General Counsel  
NATIONAL ASSOCIATION OF  
REGULATORY UTILITY COMMISSIONERS  
1102 ICC Building  
Post Office Box 684  
Washington, D. C. 20044

James Bradford Ramsay  
Deputy Assistant General Counsel  
NATIONAL ASSOCIATION OF  
REGULATORY UTILITY COMMISSIONERS  
1102 ICC Building  
Post Office Box 684  
Washington, D. C. 20044

Bryan G. Moorhouse  
General Counsel  
PUBLIC SERVICE COMMISSION  
OF MARYLAND  
William Donald Schaefer Building  
6 St. Paul Street  
Baltimore, Maryland 21202

Jay C. Keithley  
Leon M. Kestenbaum  
Attorneys for SPRINT CORPORATION  
1850 M Street, N. W.  
11th Floor  
Washington, D. C. 20036

Peter A. Rohrbach  
Linda L. Oliver  
HOGAN & HARTSON  
Counsel for LDDS COMMUNICATIONS, INC.  
d/b/a LDDS WORLDCOM  
555 Thirteenth Street, N. W.  
Washington, D. C. 20004

Russell M. Blau  
Eric J. Branfman  
SWINDLER & BERLIN  
Attorneys for INTERMEDIA  
COMMUNICATIONS OF  
FLORIDA, INC.  
3000 K Street, N. W., Suite 300  
Washington, D. C. 20007

Charles D. Gray  
Assistant General Counsel  
NATIONAL ASSOCIATION OF  
REGULATORY UTILITY COMMISSIONERS  
1102 ICC Building  
Post Office Box 684  
Washington, D. C. 20044

Craig Anderson  
Larry A. Peck  
Attorneys for AMERITECH  
2000 West Ameritech Center Drive  
Room 4H86  
Hoffman Estates, IL 60196

Susan Stevens Miller  
Assistant General Counsel  
PUBLIC SERVICE COMMISSION  
OF MARYLAND  
William Donald Schaefer Building  
6 St. Paul Street  
Baltimore, Maryland 21202

W. Richard Morris  
Attorney for SPRINT CORP.  
P. O. Box 11315  
Kansas City, MO 64112

Edward R. Wholl  
Joseph Di Bella  
Attorneys for the NYNEX  
TELEPHONE COMPANIES  
1300 I Street, N. W.  
Suite 400 West  
Washington, D. C. 20005

Edward A. Yorkgitis, Jr.  
WILEY, REIN & FIELDING  
Attorneys for the COMPETITIVE TELECOM-  
MUNICATIONS ASSOCIATION  
1776 K Street, N. W.  
Washington, D. C. 20006

Genevieve Morelli  
Vice President and General Counsel  
THE COMPETITIVE TELECOM-  
MUNICATIONS ASSOCIATION  
1140 Connecticut Ave., N. W.  
Suite 220  
Washington, D. C. 20036

Mark C. Rosenblum  
John J. Langhauser  
Aryeh S. Friedman  
Clifford K. Williams  
Attorneys for AT&T CORPORATION  
295 N. Maple Avenue  
Room 3244J1  
Basking Ridge, N. J. 07920

Werner K. Hartenberger  
Laura H. Phillips  
J. G. Harrington  
DOW, LOHNES & ALBERTSON  
Attorneys for COX ENTERPRISES, INC.  
1255 Twenty-Third Street, N. W.  
Suite 500  
Washington, D. C. 20037

Gail L. Polivy  
Attorney for GTE SERVICE CORP.  
1850 M Street, N. W.  
Suite 1200  
Washington, D. C. 20036

Richard McKenna, HQE03J36  
Attorney for GTE SERVICE CORP.  
P. O. Box 152092  
Irving, Texas 75015-2092

Edward Shakin  
Randal S. Milch  
Attorneys for the BELL ATLANTIC  
TELEPHONE COMPANIES  
1320 North Court House Road  
Eighth Floor  
Arlington, VA 22201

Mary McDermott  
Linda L. Kent  
Charles D. Cosson  
Attorneys for UNITED STATES  
TELEPHONE ASSOCIATION  
1401 H Street, N. W.  
Suite 600  
Washington, D. C. 20005

Robert M. Lynch  
Durward D. Dupre  
Thomas A. Pajda  
Anthony K. Conroy  
Attorneys for SOUTHWESTERN BELL  
TELEPHONE COMPANY  
One Bell Center  
Room 3520  
St. Louis, Missouri 63101

M. Robert Sutherland  
Richard M. Sbaratta  
Attorneys for BELLSOUTH  
TELECOMMUNICATIONS, INC.  
4300 Southern Bell Center  
675 West Peachtree Street, N. E.  
Atlanta, Georgia 30375

Jeffrey Blumenfeld  
Christy C. Kunin  
BLUMENFELD & COHEN  
Attorneys for FIBERLINK  
1615 M Street, N. W.  
Suite 700  
Washington, D. C. 20036

Maureen A. Scott  
Assistant Counsel  
PENNSYLVANIA PUBLIC UTILITY  
COMMISSION  
P. O. Box 3265  
Harrisburg, PA 17105-3265

J. Manning Lee  
Vice President, Regulatory Affairs  
TELEPORT COMMUNICATIONS  
GROUP, INC.  
Two Teleport Drive  
Suite 300  
Staten Island, N. Y. 10311

Casey D. Mahon  
General Counsel  
MCLEOD TELEMAGEMENT, INC.  
221 Third Avenue, S. E.  
Suite 500  
Cedar Rapids, IA 52401